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Prime Minister

FCS/82/169

A.S.C. 27/10.

SECRETARY OF STATE FOR ENERGY

Falkland Islands and the Potential for Offshore

Hydrocarbons

Thank you for your letter of 18 October and your thoughts on this aspect of the Falkland Islands' future development.

I agree this is an area which we must keep firmly in mind. Once our immediate response to the Shackleton Report is out of the way, I hope our officials can get together to review the case for a geophysical survey. As you know, one of the main problems in the past has been the difficulty of attracting serious interest by oil companies. It may be that they will continue to want guarantees of long-term political stability before getting involved in exploration themselves.

But we have recently had approaches from two companies (one British) interested in carrying out further seismic survey work in the area and preliminary discussions will be held this week with one of them.

I am copying this letter to colleagues in OD(FAF).

(FRANCIS PYM)

Foreign and Commonwealth Office

27 October 1982

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